



BAC 7710-FW-P

POSTAL REGULATORY COMMISSION

39 CFR Part 3050

[Docket No. RM2018-1; Order No. 5086]

Periodic Reporting

AGENCY: Postal Regulatory Commission.

ACTION: Final rule.

SUMMARY: The Commission adopts final rules that require the Postal Service to provide information about cost and service issues affecting flats-shaped mail (flats). The Commission intends to analyze this information over time to identify trends and measurable goals that will lead to the development of a plan to improve these cost and service issues.

DATES: Effective [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: For additional information, Order No. 5086 can be accessed electronically through the Commission's Web site at <https://www.prc.gov>.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202-789-6820.

SUPPLEMENTARY INFORMATION:

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I. Background

On March 1, 2019, the Commission proposed specific reporting requirements to facilitate measuring and tracking cost and service performance issues related to flats. The Commission adopts final rules on these requirements, with minor revisions to the proposed rules as described below.

II. Basis and Purpose of Final Rules

The Commission initiated this proceeding to explore potential enhancements to the Postal Service's data systems and to facilitate the development of consistent reporting requirements to measure, track, and report cost and service performance issues related to flats. With the adoption of these rules, the Postal Service will be required to annually file data at the national, and facility level data (when specified). These reporting requirements are designed to provide sufficient information to improve transparency into the cost and service issues associated with flats. In addition, the reporting requirements will increase the accountability of the Postal Service related to operational initiatives related to flats.

The final rules incorporate many of the suggestions identified by commenters, as well as additional clarifying language added by the Commission; however, the substance of the rules remains unchanged.

The Commission revises paragraphs (b) through (g) to extend the filing date to 95 days after the end of the fiscal year.

Paragraph (b) of proposed § 3050.50 is modified in several ways. First, in § 3050.50(b)(2), the Commission removes the word “estimate,” as the Commission expects the Postal Service to use the actual unit attributable costs for each product. Second, in § 3050.50(b)(4), the Commission clarifies that the comparison should be conducted as the percentage change in unit attributable costs, and the Commission makes additional minor clarifications to the language. Third, in § 3050.50(b)(5), the Commission removes the word “current” and adds the word “changes” after “mail mix” for clarity. The Commission expands the reporting requirement for § 3050.50(b)(5) to provide data from FY 2013 to present. In addition, the Commission clarifies in § 3050.50(b)(5)(ii) through (iii) that the calculation should be for combined flat-shaped products rather than each flat-shaped product. Fourth, the Commission adds a requirement in § 3050.50(b)(5) that the Postal Service explain the methodology used to calculate mail mix changes. Finally, the Commission modifies § 3050.50(b)(6) and (7) to make clear that the Postal Service must identify the drivers of changes in the result of the analyses.

Paragraph (e) of proposed § 3050.50 is clarified, as suggested by the Postal Service, to indicate the appropriate five years of historical data that the Commission is requesting. In addition, paragraph (e) of proposed § 3050.50 is supplemented with a rule for instances where a specific report name may change, and additional reporting required when a report name change occurs.

Paragraph (f) of proposed § 3050.50 is modified to ensure that the Postal Service reports on operational changes and/or initiatives that will have any

impact on flat-shaped mail operations, flat-shaped mail costs, and/or flat-shaped mail service.

Paragraph (g) of proposed § 3050.50 is modified to ensure that the Postal Service reports on data enhancements that will have any impact on measuring, tracking, and/or reporting on flat-shaped mail costs, operations, and/or service.

Finally, the Commission incorporates the majority of the suggested formatting edits to the rules provided by the Public Representative in Attachment A to her comments.

III. Final Rules

The Commission places the reporting requirements for flat-shaped mail products in a new section in 39 CFR part 3050.

List of Subjects for 39 CFR Part 3050

Administrative practice and procedure, Postal Service.

For the reasons stated in the preamble, the Commission amends chapter III of title 39 of the Code of Federal Regulations as follows:

PART 3050—PERIODIC REPORTING

1. The authority citation for part 3050 continues to read as follows:

Authority: 39 U.S.C. 503, 3651, 3652, 3653.

2. Add § 3050.50 to read as follows:

§ 3050.50 Information pertaining to cost and service for flat-shaped mail

(a) The reports in paragraphs (b) through (f) of this section shall be filed with the Commission at the times indicated.

(b) Within 95 days after the end of each fiscal year, the Postal Service shall file a financial report that analyzes data from the fiscal year for all mail products that consist of more than 80 percent flat-shaped mail. At a minimum, the report shall include:

(1) Volume and shape workpapers that identify products that contain more than 80 percent flat-shaped mail (flat-shaped products).

(2) Unit attributable cost workpapers for each flat-shaped product that is disaggregated into the following cost categories: mail processing unit cost, delivery unit cost, vehicle service driver unit cost, purchased transportation unit cost, window service unit cost, and other unit cost.

(3) A narrative that explains the methodology used to calculate the unit attributable cost categories described in paragraph (b)(2) of this section.

(4) A narrative supported by workpapers that identifies flat-shaped products for which the percentage change in average unit attributable cost was greater than the percentage change in total market dominant average unit attributable cost for the same fiscal year. The narrative must include identification of cost categories that are driving above average change in unit attributable cost for flat-shaped product and a specific plan to reduce unit attributable cost for the identified flat-shaped product.

(5) An analysis of volume trends, and mail mix changes for flat-shaped products from FY 2013 to present, which includes, at a minimum, a comparison of:

(i) The aggregate unit attributable costs for combined flat-shaped products for each fiscal year,

(ii) The calculated estimate of aggregate unit attributable costs for combined flat-shaped products for each fiscal year, using FY 2013 fiscal year's volume distribution,

(iii) A narrative that identifies drivers of changes in volume trends and mail mix, and

(iv) A narrative that explains the methodology used to calculate the estimated unit attributable cost described in paragraph (b)(5)(ii) of this section.

(6) An analysis of the Flat Sequencing System (FSS), which includes, at a minimum, the percent of flat-shaped mail destinating in a FSS zone that were not finalized on FSS equipment, the cost of processing flat-shaped mail on the FSS, and the delivery point sequence (DPS) percentage of FSS mail. In addition, a narrative that identifies drivers of changes in the results of the analysis between fiscal years.

(7) A manual processing analysis, which includes, at a minimum, the cost of manually processing flat-shaped mail, the percent of flat-shaped mail that was manually processed, and the percent of flat-shaped mail that was entered at automation prices. In addition, a narrative that identifies drivers of changes in the results of the analysis between fiscal years.

(8) An estimate, with supporting workpapers, of the cost impact of bundle processing on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the cost impact of bundle processing on flat-shaped products.

(9) An estimate, with supporting workpapers, of the cost impact of low productivity on automated equipment on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the cost impact of low productivity on automated equipment on flat-shaped products.

(10) An estimate, with supporting workpapers, of the cost impact of manual processing on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the cost impact of manual processing on flat-shaped products.

(11) An estimate, with supporting workpapers, of the cost impact of allied operations on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the cost impact of allied operations on flat-shaped products.

(12) An estimate, with supporting workpapers, of the cost impact of transportation on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the cost impact of transportation on flat-shaped products.

(13) An estimate, with supporting workpapers, of the cost impact of last mile/delivery on flat-shaped products for the fiscal year. If no estimate is

available, provide a timeline to estimate the cost impact of last mile/delivery on flat-shaped products.

(c) Within 95 days after the end of each fiscal year, the Postal Service shall file a service report that analyzes data from the fiscal year for all mail products that consist of more than 80 percent flat-shaped mail. At a minimum, the analysis must include:

(1) Service performance scores for all flat-shaped products.

(2) An estimate, with supporting workpapers, of the service impact of bundle processing on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the service impact of bundle processing on flat-shaped products.

(3) An estimate, with supporting workpapers, of the service impact of low productivity on automated equipment on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the service impact of low productivity on automated equipment on flat-shaped products.

(4) An estimate, with supporting workpapers, of the service impact of manual processing on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the service impact of manual processing on flat-shaped products.

(5) An estimate, with supporting workpapers, of the service impact of allied operations on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the service impact of allied operations on flat-shaped products.

(6) An estimate, with supporting workpapers, of the service impact of transportation on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the service impact of transportation on flat-shaped products.

(7) An estimate, with supporting workpapers, of the service impact of last mile/delivery on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the service impact of last mile/delivery on flat-shaped products.

(d) Within 95 days after the end of each fiscal year, the Postal Service shall file an analysis of costs by operationally relevant grouping from FY 2013 to present.

(1) The report shall utilize fiscal year data filed in accordance with § 3050.22, and § 3050.28(c) and (d) and any other data necessary to complete the analysis.

(2) The report shall also include a narrative that explains the methodology used to calculate costs by operationally relevant grouping.

(e) Within 95 days after the end of each fiscal year, the Postal Service shall file the following reports that include data by both quarter and fiscal year, as well as at the national level and at the facility level unless otherwise specified. The reports shall include, at a minimum, five years of quarterly historical fiscal year data covering the reporting year and the previous four fiscal years.

(1) Bundle Breakage Visibility Reports which include, at a minimum, number of bundles processed, number of bundles processed by class, product,

facility, and machine type, number of broken bundles; and number of broken bundles by class, product, facility, and machine type.

(2) Mail Processing Variance Reports, which include, at a minimum, for each machine type that process flat-shaped mail: category, plant/facility, volume, actual workhours, earned workhours (target hours), productivity, variance, and percent achieved, and target productivities, including narrative that explains methodology used to develop target.

(3) eFlash Report, which includes, at a minimum manual letter and flats volume, manual letter and flats workhours, manual letter and flats cost analysis, manual letter and flats handling time, and manual letter and flats handling cost per piece.

(4) Work in Process metrics, which include, at a minimum, measurement of: unload scan to bundle sorter scan, unload scan to tray mechanization scan, bundle sorter scan to mail processing equipment piece scan, tray mechanization scan to next automation scan, and unload scan to first automation scan.

(5) First-Class Mail Root Cause Point Impact Report, which includes, at a minimum, root cause, shape, service standard, point impact, rank, results attributed to air transit Automated Area Distribution Center (AADC)/Area Distribution Center (ADC) processing delays, and results attributed to surface transit AADC/ADC processing delays.

(6) SVWeb Report, which includes, at a minimum, on-time departure percentage, on-time arrival percentage, space utilization type by container type, average load percentage, total number of late containers, misrouted containers

based on unload scans at unexpected site, National Performance Assessment (NPA) goals, goal achievement, the total score for six required scans, trips on time, space utilization targets, and comparison of fiscal year space utilization to targets.

(7) Last Mile Impact Report, which includes, at a minimum, overall on-time score, on-time score at last processing, and last mile impact for all flat-shaped products at each service standard.

(8) For each report listed in paragraphs (e)(1) through (7) of this section, the Postal Service shall provide a narrative that describes any changes made to underlying data systems during the fiscal year that impact the methodology used to produce the report.

(9) For each report listed in paragraphs (e)(1) through (7) of this section, the Postal Service shall provide a narrative that discusses trends, changes, and reasons for any changes in data within the report.

(10) If any of the reports listed in paragraphs (e)(1) through (7) of this section no longer exist by that name in any year, the Postal Service must provide the closest successor to that report to provide the required information. The Postal Service must identify all differences between the original report and the successor report, and provide a narrative that explains the impact of using the successor report opposed to the original report.

(f) Within 95 days after the end of each fiscal year, the Postal Service shall file a report that identifies all national operational changes and/or initiatives that occurred during the fiscal year related to flat-shaped mail and all planned

national operational changes and/or initiatives for the next fiscal year related to flat-shaped mail. The operational changes and/or initiatives should impact operations related to flat-shaped mail, impact the cost of flat-shaped mail, and/or impact the service of flat-shaped mail.

(1) The report shall identify data from paragraphs (b), (c), (d), and/or (e) of this section that will be impacted by each operational change/initiative.

(2) The report shall also include an estimate, with supporting workpapers, of the impact of each operational change/initiative on the data selected in paragraph (f)(1) of this section.

(g) Within 95 days after the end of each fiscal year, the Postal Service shall file a report that identifies all data enhancements that occurred during the fiscal year related to data systems that affect flat-shaped mail. The data enhancements identified should have an impact on measuring, tracking, and/or reporting on flat-shaped mail cost, operations, and/or service.

By the Commission.

Stacy L. Ruble,

Secretary.

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